



Minutes
City Council's Finance, Economy &
Veterans' Affairs Committee
September 18, 2007

Minutes of the City Council's Finance, Economy & Veterans' Affairs Committee held on Tuesday, September 18, 2007, 3:00 p.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Vice Mayor Hut Hutson, Chair
Councilmember Mark Mitchell

Councilmembers Present:

Councilmember Onnie Shekerjian

City Staff Present:

Chris Anaradian, Dev Svcs Mgr
Mary Anders, Mgmt Asst
Debbie Bair, Sr. Mgmt Asst
Brenda Buren, Assistant Police Chief
Neil Calfee, Dep. Comm. Dev. Mgr.
Tom Duensing, Dep Financial Svcs Mgr
Kathy Gasperich, Council Aide
Jerry Hart, Financial Svcs Mgr
Shelley Hearn, Comm Rel Mgr

Jan Hort, City Clerk
Robert Hubbard, Dep. City Attorney
Cliff Jones, Fire Chief
Mark Richwine, Parks and Rec Mgr
Nancy Rodriguez, Dep. Court Mgr.
Mark Stodola, Court Mgr.
Jay Taylor, Fleet Dir.
Mary Wade, Asst City Atty
Amber Wakeman, Govt Rel Dir

Guests Present:

None.

Vice Mayor Hutson called the meeting to order at 3:04 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Review Scope of Work & Work Plan

Vice Mayor Hutson stated that the committee would eliminate the completed items from the previous work plan to develop the new work plan. The committee scope of work will remain unchanged.

Agenda Item 3 – Residential Building Improvement Program

Chris Anaradian summarized that staff proposes that Council institute a rebate program to provide incentives for single family home additions and alterations.

- Housing stock is aging with approximately 75% of single family homes over 20 years old. In a couple of years, over 50% of those homes will be 30 years or older.
- Staff proposes that homes 20 years or older would receive a 100% rebate program on all building fees for improvements.
- This is a very direct way for the City to encourage reinvestment in its neighborhoods.
- Building fees for all improvements to single family residential properties accounted for only 2.4% of the annual revenue in the Development Services Department in FY 2005-06, equaling \$119K, and 3.2% of annual revenue in FY 2006-07, equaling \$130K. Even with increased use due to marketing or potential popularity of the program, staff doesn't anticipate any single year having more than \$200K in base dollars.
- This rebate would support the objectives to get more building inspectors' eyes on projects throughout the City and reduce the amount of illegal construction.
- Phase II would involve working with ASU and the School of Architecture to create standard building plans for homeowners. Not only would property owners experience lower fees, but they would also get a helping hand with building plans.

Councilmember Mitchell added that this shows the continuing support of the neighborhoods and gives residents a sense of pride in knowing that the City is willing to work with them to improve structures in their neighborhoods.

DIRECTION: Move forward to IRS in October.

Agenda Item 4 – Contract for Consultant Services

Chris Anaradian stated that this contract is for an amount not to exceed \$60K and is on the Council agenda for September 20th.

- Staff is requesting that the consulting agency return for one reassessment.
- The focus during the first effort was internal, but this effort would look at the external customer satisfaction and provide direction to the management team on how to proceed.
- Staff would also like to look at the tasks that were left outstanding in the department to gauge how well the department has done in living up to its commitment to improve service delivery.
- Although it wasn't contemplated in the original contract to have a follow-up, staff feels the need to document the progress made and identify how to take the department to the next level.

Agenda Item 5 – Government Contracts

Jerry Hart summarized the procurement process.

- Any procurement begins with an identified need.
- Once a department determines the need, the Procurement Department develops the scope of the product or service procurement.
- Specifications are then developed. Departments play a key role in developing the specifications because they know best what they need.

- The Procurement Department identifies the evaluation factors as well as the weight of those factors for scoring purposes. Those factors are communicated in the RFP.
- Once the bid is released, responses are received and an evaluation committee is assembled including representatives from the department and the Procurement Office.
- The committee makes its evaluation utilizing the factors previously established.
- The response with the best score is brought forward to Council for consideration of award.

Vice Mayor Hutson stated that he would like Council to be able to provide input on the government contracts prior to the bottom line coming to Council for approval. For example, the aviation and lobbying contract went to Council without coming back to this Committee. If he wanted to have some input, he would write down his input and give it to Mr. Hart. The evaluation committee would take his input and consider it. It would be an opportunity for comments. These only involve the bids/RFP's that are originally assigned to this committee.

Mary Wade added that because these contracts are so connected to what Council needs, it would be appropriate for this committee to specify needs.

Vice Mayor Hutson added that this would give Council the opportunity ahead of time to change direction regarding the scope of work.

Ms. Wade added that lobbyist needs might change from year to year.

Agenda Item 6 – Accident Cost Recovery Update

Brenda Buren summarized that the ad hoc budget committee was asked to investigate the option of accident cost recovery and the Police Department was directed to investigate whether or not this was an option. Initial investigation was completed and staff returned to the committee last December. Follow-up work was then done with the Prosecutor's Office. The bottom line reveals many obstacles in the Police Department and the Courts. The Fire Department, however, is interested in exploring this option.

Fire Chief Cliff Jones stated that there may be some opportunities that don't present themselves as readily to the Police Department. The Fire Department is concerned with auto accident incidents where they have significant responses that take a great deal of resources. Several fire companies may be tied up for an hour or two which involves significant exposure in both finance and time. He asked the committee to allow his staff to further explore this option.

DIRECTION: Fire Department to move forward to explore further and return to Committee with recommendations.

Agenda Item 7 – Procurement Ordinance

Brenda Buren summarized that ARS legislation allows police officers to purchase their duty weapon upon retirement. There is no residual value to those weapons if they were turned in and they would not be reissued. It is in violation of the City procurement ordinance, however.

Vice Mayor Hutson asked how cost would be determined.

Ms. Buren responded that a nominal fee or a fair market value would be set.

Jerry Hart stated that staff is in the process of reviewing the procurement ordinance and the City Attorney's Office has additional recommendations that will be brought forward to the Committee in the near future. If the committee directs, staff can look at this recommendation as well.

Vice Mayor Hutson felt it was a good idea, but he had mixed emotions about selling the item for a dollar and justifying that to the public. The value of the gun does not decrease.

Ms. Buren added that the dollar value needs to be worked out, but the main goal is to be in compliance with the ordinance.

Councilmember Mitchell suggested benchmarking the value other agencies set and how the fair market value would be determined.

DIRECTION: Bring back to committee next month.

Agenda Item 8 – OPEB Update

Tom Duensing summarized that the process for those employees hired subsequent to June 30, 2007, is on hold until the long range forecast is completed in the January to March timeframe. At that time, changes for current employees will be examined. For those employees hired subsequent to June 30, 2007, staff is reviewing an RFP for an administrator who will keep the money for the employees in trust, do the reporting, answer questions, and distribute those monies out of the plan. The goal is to have the RFP out within the next couple of weeks with an agreement with the administrator signed by January 1st or February 1st.

Mr. Duensing added that staff is also working with the actuary to get the new calculated liability numbers. The report needs to be used in the financial statements and, in addition, staff is providing actuaries with scenarios for calculation in anticipation of changes that might occur for current employees.

Jerry Hart added that the annual finance report for the current fiscal year 2007-08 is the first time the size of the City's liability will be disclosed.

Mr. Duensing added that the number to be disclosed will be larger than the \$330M anticipated for funding, since it will be disclosed at the City's current rate of return. Staff should have an idea of the number by the end of October.

Mr. Hart added that the last actuarial report was based on the employee count as of June 30, 2005. During the two following fiscal years, more employees were added and that will also be factored into the updated estimate.

Vice Mayor Hutson asked about the lawsuit the State of Texas has filed.

Mr. Duensing responded that fundamentally it doesn't make any difference. The purpose of reporting is to see how big a risk an agency is and the bonds are rated accordingly. The requirement is fair financial reporting.


Vice Mayor Hutson stated that the National League of Cities has come up with some suggestions.

Agenda Item 9 – Future Agenda Items

- Committee Work Plan
- Police Retiree Buy-Back of Firearms
- Procurement Ordinance
- Accident Cost Recovery – Fire Department
- Hotel Feasibility Study – Chris Salomone

Meeting adjourned at 3:46 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart

 Connie Krosschell
Jan Hort, City Clerk